

Education and Workforce Development Cabinet

Kentucky's jobless rate falls below 8 percent for the first time in more than four years

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Contact Information:

FRANKFORT, Ky. (March 7, 2013) — For the first time in more than four years, Kentucky's seasonally adjusted preliminary unemployment rate dropped below 8 percent to 7.9 percent in January 2013, according to the Office of Employment and Training (OET), an agency of the Kentucky Education and Workforce Development Cabinet. The revised December 2012 state rate was 8 percent.

Kentucky's unemployment rate has not been below 8 percent since November 2008 when it was 7.8 percent.

The preliminary January 2013 jobless rate was .6 percentage points below the 8.5 percent rate recorded for the state in January 2012.

The U.S. seasonally adjusted jobless rate increased to 7.9 percent in January 2013 from 7.8 percent in December 2012, according to the U.S. Department of Labor.

"With the exception of a few blips, the unemployment rate has been improving quite steadily over the last year," said economist Manoj Shanker of the OET. "The improvement in the labor market has been steady, though painfully slow. Mixed signals from the federal government and uncertainty in the foreign market have slowed the hiring process in Kentucky."

Labor force statistics, including the unemployment rate, are based on estimates from the Current Population Survey of households. It is designed to measure trends rather than to count the actual number of people working. It includes jobs in agriculture and those classified as self-employed.

In January 2013, Kentucky's civilian labor force was 2,085,509, a decrease of 820 individuals compared to the previous month. Employment also fell with 53 fewer jobs, while the number of unemployed people dropped by 767.

In a separate federal survey of business establishments that excludes jobs in agriculture and people who are self-employed, Kentucky's seasonally adjusted nonfarm employment decreased by 400 jobs in January 2013 from the previous month. On an over-the-year basis, the state's nonfarm employment has grown by 1 percent with the addition of 18,300 jobs.

"Kentucky has now recovered 85,700 or about 71 percent of the 120,000 nonfarm jobs lost during the employment downturn period between January 2008 and February 2010," said Shanker.

Nonfarm data is provided by the Bureau of Labor Statistics' Current Employment Statistics program. According to this survey, four of Kentucky's 11 major nonfarm North American Industry Classification System (NAICS) job sectors registered gains in employment, while five declined and two remained the same.

The government sector, which includes public education, public administration agencies and state-owned hospitals, increased by 3,100 jobs in January 2013. The sector had 400 fewer jobs compared to January 2012.

"Almost all the gains in local and state government were in education employment. After undergoing years of budget cuts, some of the jobs in schools and colleges are coming back," said Shanker.

Kentucky's manufacturing sector rebounded in January 2013 with a gain of 1,500 jobs compared to December 2012. Since January 2012, employment in manufacturing has increased by 9,900 jobs or 4.6 percent.

"A review of the statistics indicate that almost all of the growth, both in January and over the past year, was in durable goods industries, which include motor vehicle manufacturing as well as machinery, electrical equipment and appliances," said Shanker.

The construction sector posted an increase of 600 positions in January 2013 from a month ago. Since January 2012, employment in construction has fallen by 1,200 positions or 1.7 percent.

The information sector rose by 400 jobs in January 2013. This segment has declined by 700 positions since January 2012. The industries in this sector include traditional publishing as well as software publishing; motion pictures and broadcasting; and telecommunications.

The educational and health services sector remained the same from December 2012 to January 2013. The sector has posted an increase of 3,100 jobs since January 2012.

Employment in the mining and logging sector was unchanged from December 2012 to January 2013. The number of jobs in this sector has dropped by 4,200 or 18 percent since last January.

The financial activities sector declined by 100 jobs in January 2013. Compared to January a year ago businesses involved in finance, insurance, real estate and property leasing have gained 3,000 jobs.

The number of jobs in the other services sector, which includes repairs and maintenance, personal care services, and religious organizations, fell by 500 positions January 2013. Compared to a year ago, there has been a loss of 1,700 jobs.

Kentucky's professional and business services sector dropped by 700 jobs in January 2013. This category includes establishments engaged in services that support the day-to-day activities of other organizations, including temporary employment services. Since last January, jobs in the sector have increased by 2,300.

Kentucky's leisure and hospitality sector fell by 1,000 jobs in January 2013. Since January 2012, the sector has expanded by 3,000 positions. This sector includes arts, entertainment, recreation, accommodation and food services.

"Almost all the job loss was in the area of arts and entertainment which comprises 10 percent of the sector. Employment in theatre, dance and museums is driven by discretionary spending. Though the overall employment situation is improving, wages are stagnant. When faced with tough choices people

tend to forego a theater performance and use the money to pay down their debt and pay for school,” said Shanker.

The state’s trade, transportation and utilities sector lost 3,700 jobs in January 2013. This is the largest sector in Kentucky with 373,800 positions, and accounts for about 20 percent of nonfarm employment. Since January 2012, jobs in this sector have increased by 5,200 or 1.4 percent.

“The decline is in the transportation and warehousing subsector, which has had 30 months of steady year-over-year growth,” said Shanker. “The hiring environment appears to have weakened as the warehouse delivery industry reassesses its employment needs, especially with increased automation.”

Civilian labor force statistics include nonmilitary workers and unemployed Kentuckians who are actively seeking work. They do not include unemployed Kentuckians who have not looked for employment within the past four weeks.

Kentucky’s statewide unemployment rate and employment levels are seasonally adjusted. Employment statistics undergo sharp fluctuations due to seasonal events, such as weather changes, harvests, holidays and school openings and closings. Seasonal adjustments eliminate these influences and make it easier to observe statistical trends. However, because of the small sample size, county unemployment rates are not seasonally adjusted.

Learn more about Kentucky labor market information at www.kylmi.ky.gov.